

MAY 1952

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SECURITY INFORMATION  
CENTRAL INTELLIGENCE AGENCY  
INFORMATION FROM  
FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT   
CD NO.

STAT

COUNTRY Rumania  
SUBJECT Economic - Petroleum, steel, textiles,  
foreign trade  
HOW PUBLISHED Semimonthly periodical  
WHERE PUBLISHED Paris  
DATE PUBLISHED 1 - 15 Jul 1953  
LANGUAGE French

DATE OF INFORMATION 1953  
DATE DIST. 30 Sep 1953  
NO. OF PAGES 3  
SUPPLEMENT TO REPORT NO.

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SOURCE B.E.I.P.I. (Bulletin de l'Association d'Etudes et d'Informations Politiques Internationales).

REVIEW OF ECONOMIC SITUATION IN RUMANIA

The Rumanian government recently published a statistical report, prepared jointly by the State Planning Commission and the General Directorate of Statistics. This report was discussed in the 13 March 1953 issue of the newspaper Scanteia, which stated that the 1952 production of Rumanian industry surpassed the 1951 production by 23 percent. Production of crude oil was increased 9 percent; of electrical energy, 6 percent; of ferrous metals, 8 percent; and of iron, 5 percent.

According to Communist practice, all progress is shown in percentages. Official government reports for 1948 and 1951 state that petroleum production for 1948 was the lowest in Rumania's history; only 3.7 million tons were produced, as compared to 8.6 million tons in 1936. In 1951, petroleum production rose to 5.4 million tons. If the 1951 figures were increased 9 percent in 1952, as recent statistical reports claim, the over-all production is still 2.7 million tons less than the production of "former capitalistic regimes." While petroleum is not the sole national resource of Rumania, it is the domain most highly infiltrated by Soviet-Rumanian collaboration. Exploitation of naphtha, for example, is being done by Sovrompetrol, which is an enterprise having 50 percent of its stock in Soviet hands.

It is significant to note that the Rumanian government does not give any indication of the "progress" of the steel industry, which is the second main branch of Rumanian industry. According to the Five-Year Plan, steel production in Rumania should have reached 750,000 tons by 1952. In 1939, Rumania's production was 310,000 tons, but in 1948 it fell to 143,000 tons. Steel plays a major role in Rumania's industrialization, and is one of the principal points in the Communist program. But the present government faces the same difficulties that former regimes had to face, namely, that Rumania has poor-quality minerals, and poor-quality coal which hinders the production of the all-important furnace coke.



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To satisfy the needs of its metallurgical industry, Rumania imported over 2 million tons of steel in 1939, principally from the United States and England. According to the economic pacts concluded between Rumania and the Soviet Union, as well as between Rumania and other iron curtain countries, Rumania is now assured of no more than 380,000 tons of steel per year from the Soviet bloc countries. For that reason, the Rumanian metallurgical industry, which had 2,310,000 tons of steel available in 1939, had only 1,300,000 tons in 1952, including 380,000 tons imported and assuming that the 750,000 tons planned were actually produced.

At present, the Rumanian metallurgical industry is forced to produce almost all the products which formerly had been imported from abroad: agricultural machinery, tractors, trucks, automobiles, ball bearings, drilling equipment, mining equipment, textile machinery, etc. Therefore, the Rumanian government is telling the truth when it says that the production of these goods is far greater than before the war.

Textiles are the third important branch of Rumanian industry. According to figures issued by the Rumanian government, approximately 140,000 workers are employed by textile enterprises. The cotton industry's production is now greater than that of the wool industry; this was not the case before the war, when wool cloth was exported to Southeast Europe. This change followed the virtual ban on wool imports from England. Because of the present lack of semimanufactured goods, the Rumanian textile industry works almost exclusively on cotton received from the Soviet Union. The import of finished cloth was suspended, with the exception of a very small quantity from Czechoslovakia. The Gheorghiu - Dej factory is the only Rumanian factory which produces clothing; it manufactures approximately 460,000 complete garments per year, using 73 percent of the total wool production of Rumania and all of the wool imported into the country. Only 550,000 complete garments are produced in Rumania each year. (Twenty-seven percent of the domestic cloth is distributed to private dressmakers and tailors.)

Rumanian domestic production and imports total 1,650,000 meters of cloth per year, as compared to 1,200,000 meters imported and 1,730,000 meters produced by domestic industry before the war. Formerly one million suits were produced annually for 10,130,000 men, a ratio of approximately one new suit for every 10 men. This situation was far from ideal; however, at present 550,000 suits are produced annually for 7,671,800 men, or approximately one new suit for every 13 men. In the past, only 27 percent of the population dressed according to western customs, the rest wearing homespun clothes; today, however, this is no longer the case. The wool industry under the socialist regime is therefore in a grave position.

The Rumanian government claims to have doubled prewar production figures in the cotton textile industry. If this claim is accurate, the Rumanian population is benefiting very little from this progress. Cotton is delivered to Rumania under the Soviet-Rumanian agreement of 8 May 1945. Under the terms of this agreement, the USSR delivers cotton to Rumania; Rumania transforms it into cotton thread and returns 80 percent of the thread to the Soviet Union, keeping 20 percent as payment for labor furnished.

The present difficulties will all be overcome, according to the Rumanian government, as soon as the Five-Year Plan is completed. The sum allocated for the realization of this plan amounts to 1,330,000,000,000 lei, or 88.6 billion dollars, and is divided as follows: 51.4 percent for heavy industry, 9.3 percent for the consumer goods industry, 10 percent for agriculture, 16.2 percent for transportation, 2 percent for construction, 13.4 percent for schools and hospitals, 2 percent for state administration, and 2.8 percent for research. According to figures published, the Rumanian government invests 17.7

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million dollars every year, in order that it may reach a production of 10 million tons of petroleum and 1,252,000 tons of steel in 1955, and double its production of machinery.

To what extent will more products be available in 1955 than in prewar times? As far as petroleum is concerned, more than 50 percent of the 1955 production will belong to the USSR. Therefore, Rumania will be left with only 5 million tons of petroleum, which is 3.6 million less than in 1936. The 1,252,000 tons of steel expected to be produced in 1955, plus the small amount of imported steel, falls short of the 2,310,000 tons of steel that Rumania had before the war. As far as the production of machinery is concerned, that too cannot surpass the 1938 level, in view of the large shortages of steel.

Under the former regime, a large part of the needs of the Rumanian population was covered by imports. The country used to import 68,000 automobiles per year. In 1951, 12,000 automobiles were produced, and it is expected to produce 24,000 in 1955. Without manufacturing any tractors, Rumania had more than 43,000 tractors in 1943. In 1951, however, she had only 9,394, which is explained by the fact that the Soviet Union took vast numbers of tractors under the guise of war reparations. If the Five-Year Plan is a success, the country will have 34,500 tractors by 1955.

Before 1940, Rumanian imports totaled 100 million dollars per year, 70 percent of which was consumer goods. Today, Rumania's imports are valued at only 20 million dollars. When considering the devaluation of the currency by as much as 40 percent, it is easy to see that Rumania's imports are only 12 percent of what they once were. In order to approximate the total value of the consumer goods in Rumania, reference is made to La Roumanie Nouvelle of 1 December 1952. The newspaper states that in 1950 the quantity of all goods sold in retail stores was 230 billion lei. The Five-Year Plan should increase this amount by approximately 80 percent, which would mean 410 billion lei or 273 million [sic] dollars. But the value of Rumanian exports before the war was 114 million dollars and represented 25 percent of the total production of the country. The total production of Rumania used to be 456 million dollars per year, not including the 100 million dollars' worth of imported goods.

It must also be mentioned that in accordance with the peace treaty of 1947, Rumania is obliged to give merchandise to the USSR in the value of 99.7 million dollars every year, i.e., 87 percent of the total value of its 1938 exports 114,000,000 dollars. This obligation ends in 1953. During the first 12 months of the armistice, the Bucharest government had to pay 610 million dollars to the USSR, 256.9 million of which was directly taken over by the Red Army, (by confiscation, pillage, unauthorized requisitions, etc.) From 1944 to 1953, Rumania had to deliver to the Soviet Union goods valued at 1,133,000,000 dollars. This means the equivalent of 10 years of prewar exports and the loss of approximately 60 percent of its movable property. Such economic bleeding constitutes an unparalleled example of forced impoverishment of a nation.

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